



***Final
Report***

County of San Diego, California

Auditor and Controller

Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Probation Department

Office of Audits & Advisory Services

**March 2009
Report No. A09-018**



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

March 13, 2009

TO: Mack Jenkins, Chief Probation Officer
Probation Department

FROM: Kenneth J. Mory
Chief of Audits

FINAL REPORT: FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/OES
REIMBURSEMENT VALIDATION AUDIT – PROBATION DEPARTMENT

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Probation Department. The report includes various audit findings and recommendations.

We have reviewed your responses and have attached them to the audit report. The actions taken and planned, in general, are responsive to the findings and recommendations in the report. As required under Board Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations.

If you have any immediate concerns about the report, please contact me at (858) 495-5662.


KENNETH J. MORY
Chief of Audits

AUD:FDL:aps

Enclosure

c: Raymond A. Fernandez, Deputy Chief Administrative Officer, Public Safety Group
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Dorothy Y. Thrush, Group Finance Director, Public Safety Group

INTRODUCTION AND BACKGROUND

Starting on October 21, 2007, seven wildfires burned through the County of San Diego. These fires resulted in over 369,000 acres burned, or 13% of the County's total land mass. Extensive damage was caused to 1,751 homes, 800 outbuildings, 253 structures, 239 vehicles, and two commercial properties.

As declared by the Federal Emergency Management Agency (FEMA), Firestorm 2007's official incident period began October 21, 2007. It was officially closed as of March 31, 2008.

Beginning on October 21, 2007, various departments in San Diego County mobilized employees to assist in multiple disaster-related activities. County departments worked to procure and disseminate materials and to provide disaster assistance to County citizens with personal, property, and/or livestock issues, as well as to provide fire-fighting efforts and other services toward the safety and well-being of displaced and affiliated County residents.

The Director, Office of Emergency Services (OES), has been leading the overall County operational efforts while the Group Finance Director, Public Safety Group, has led the Finance team.

The Chief Financial Officer (CFO) requested that the Office of Audits & Advisory Services (OAAS) conduct an audit of Probation Department's (Probation) Firestorm 2007 related expenditures amounts claimed for reimbursement to:

- 1) Prevent any material disallowance by the Office of Inspector General (OIG) of amounts claimed; and
- 2) Provide reasonable assurance to the CFO and County management that the claims and reimbursements are adequately supported.

Probation submitted a claim of \$136,850 for overtime labor, equipment, and materials costs resulting from the October 2007 wildfires (Firestorm 2007). Probation incurred these costs when its employees assisted in four major response groups: 1) Juvenile Detention Center, 2) Office of Emergency Services, 3) Qualcomm Stadium Evacuation Center, and 4) Public Assistance County Wide. The FEMA project officer assigned PRO56 as the tracking number to this PW.

AUDIT SCOPE AND LIMITATIONS

The objective of the audit was to ensure that the department has gathered, organized, titled, and referenced documentation supporting cost claims on FEMA Project Worksheets (PWs) and State Damage Survey Reports (DSRs), and that all the supporting documentation will be maintained in a manner that the OIG and other reviewers can easily follow.

The information reviewed and submitted for reimbursement was based on expenditures as reported by Probation. FEMA/OES project officers assigned to Probation made the final

eligibility determination. OAAS did not make eligibility determinations of the expenditures submitted to FEMA/OES for reimbursement.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

METHODOLOGY

OAAS' reviewed the supporting documentation for Probation costs submitted to FEMA or State for reimbursement by:

- Verifying that all supporting documentation was organized, titled, and cross-referenced with the line items listed on each PW or DSR;
- Reviewing the Damage Description and Scope of Work (SOW) to verify the types of expenses incurred in the PW or DSR;
- Comparing the amount reported on the PW or DSR to the amounts provided in supporting documentation to ensure the total amounts reconciled and that required documentation was provided;
- Recalculating the total amount claimed to ensure that the amount calculated from the supporting documentation agreed with the total amount listed on the PW or DSR; and
- Testing a sample of expenses incurred to verify that they are adequately supported by complete and accurate documentation.

AUDIT RESULTS

OAAS' review of supporting documentation confirmed that equipment and materials costs of \$4,651 were properly substantiated. However, while verifying the accuracy of labor overtime calculations and reconciling supporting records with the amount claimed on PW PRO56, OAAS identified the following discrepancies:

- As indicated by Probation, Local Assistance Center (LAC) overtime labor of \$28,950 was claimed in both PW PRO56 and DSR 1744. Per FEMA's guidance,¹ duplicate benefits are not allowed and will result in the disallowance of part, or all, of PW PRO56 and DSR 1744;
- Claimed overtime labor costs are based on ratio estimates derived from the Budget Unit Labor Cost (BULC) Report and are not actual expenditures. The labor overtime rate used for each employee is an average rate based on a two week pay period. Social Security, Medicare, and Worker's Compensation rates are estimated and not standard

¹ FEMA Policy 9525.3

percentages of salary. Per FEMA's guidance,² only actual expenditures are eligible for reimbursement; and

- Three of 16 employees sampled had overtime charged to a non-FEMA related project alias in Kronos totaling 49.1 hours. OAAS noted handwritten corrections were made in one Kronos report to charge the costs to the FEMA project alias; however, no such corrections were made in Kronos in any of the instances noted. Per FEMA's guidance, labor must be properly classified in the timekeeping system of record.

RECOMMENDATIONS

Probation is cleared by OAAS to request reimbursement for eligible expenditures from the Firestorm 2007 Trust Fund for PW PRO56 for \$4,651. OAAS recommends that Probation take the following actions in accordance with the FEMA Public Assistance Guide:

Recommendation I: An adjustment to PW PRO56 to subtract overtime labor in the amount of \$28,950 is required in order to prevent a double claim of LAC costs.

Recommendation II: Overtime labor costs should reflect actual expenditures in order to be in compliance with FEMA Recovery Policy. Benefit rates of Medicare, OASDI, and Worker's Compensation must also be based on actual Probation Departmental rates. Probation should perform an analysis to evaluate whether the difference between the amount claimed in PW PRO56 and actual overtime expenditures is material. If not material, the difference can be addressed during the FEMA true up process.

Recommendation III: Adjust Kronos to properly classify the 49.1 hours of overtime outlined earlier with the proper FEMA alias. These adjustments should be made for all amounts included in PW PRO56 where needed.

The department should maintain all original supporting documentation for the FEMA claims and keep them separate from other documentation.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courtesousness and cooperation extended by Probation officers and staff throughout this audit.

AUDIT TEAM

Jim Pelletier, Senior Audit Manager
Franco Lopez, Auditor II
Geena Balistrieri, Auditor I

² FEMA Recovery Policy 9525.7 VII.C

DEPARTMENT RESPONSE



County of San Diego

Mack Jenkins
CHIEF PROBATION OFFICER

DEPARTMENT OF PROBATION
POST OFFICE BOX 23597, SAN DIEGO, CALIFORNIA, 92193-3597

John E. Hensley
ASSISTANT CHIEF PROBATION OFFICER

March 9, 2009

Kenneth Mory
Chief of Audits
Auditor and Controller

**RESPONSE TO FINAL DRAFT REPORT: Firestorm 2007 Expenditures Submitted for
FEMA/OES Reimbursement Validation Audit – Probation Department**

Attached to this letter, please find the Probation Department's response to the Final Draft Report for the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit.

Included in our response are both actions taken as well as actions planned. We estimate that the planned actions will be implemented by March 31, 2009. Should you have any questions, please contact Elena Lepule at (858) 514-3128.

Sincerely,


MAC K JENKINS
CHIEF PROBATION

Protect community safety, reduce crime and assist victims through offender accountability and rehabilitation.

RESPONSES TO AUDIT RECOMMENDATIONS

RECOMMENDATION I: *An adjustment to PW PRO56 to subtract overtime labor in the amount of \$28,950 is required in order to prevent a double claim of LAC costs.*

PROBATION DEPARTMENT RESPONSE: The Probation Department will subtract the overtime labor amount for the LAC from the PW PRO56. The costs will be recalculated and subtracted, based on actual Probation Departmental rates, as recommended in OAAS's Recommendation II below.

RECOMMENDATION II: *Overtime labor costs should reflect actual expenditures in order to be in compliance with FEMA Recovery Policy. Benefit rates of Medicare, OASDI, and Worker's Compensation must also be based on actual Probation Departmental rates. Probation should perform an analysis to evaluate whether the difference between the amount claimed in PW PRO56 and actual overtime expenditures is material. If not material, the difference can be addressed through the FEMA true up process.*

PROBATION DEPARTMENT RESPONSE: The Probation Department is in the process of recalculating the overtime labor costs, based on actual Probation Departmental rates, as recommended above. When the recalculation and analysis are completed, the Probation Department will ask OAAS to return and review the records to ensure that the actual expenditures are in compliance with FEMA Recover Policy.

RECOMMENDATION III: *Adjust Kronos to properly classify the 49.1 hours of overtime outlined earlier with the proper FEMA alias. These adjustments should be made for all amounts included in PW PRO56 where needed.*

PROBATION DEPARTMENT RESPONSE: The Probation Department will adjust hours based on the certified (by employees and supervisors) worksheets, which would be reconciled with hours that are classified in Kronos under the proper FEMA alias.